



**GOVERNMENT OF INDIA
TARIFF COMMISSION**

**REPORT ON
The Continuance of Protection to the
Cocoa Powder and Chocolate Industry**

सत्यमेव जयते

BOMBAY, 1958

PRINTED IN INDIA. BY THE MANAGER, GOVT. OF INDIA PRESS,
NASIK ROAD, PUBLISHED BY THE MANAGER OF PUBLICATIONS. DEPT. HI
1959

Price: Rs. 1 37 or 2 sh.

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SHRI J. N. DUTTA	<i>Member</i>
SHRI R. S. BHATT	<i>Member</i>

PERSONNEL OF THE PANEL WHICH HEARD THE CASE

SHRI C. RAMASUBBAN

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SHRI R. S. BHATT

DR. RAMA VARMA—*Secretary.*



GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY

New Delhi, the 27th October, 1958.

RESOLUTION

Tariffs

No. 12(1)-T.R./58.—The Tariff Commission has submitted its Report on the continuance of protection to the Cocoa Powder and Chocolate Industry on the basis of an inquiry undertaken by it under Sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows :—

- (1) Protection granted to cocoa powder and covering chocolate industry should be discontinued with effect from 31st December, 1958. If import control is substantially relaxed in future, and imports of foreign chocolate and cocoa powder constitute a threat to the industry, the domestic producers may apply for consideration of their case.
- (2) The present concession of duty-free import of cocoa beans should continue.
- (3) Whatever exchange quotas are fixed from time to time for the import of cocoa beans should be distributed amongst the existing units in such a way that each unit receives licences commensurate with its requirements for economic operation.
- (4) No new or additional capacity for the processing of cocoa beans should be established in the country so long as the existing installed capacity is not fully utilised.
- (5) Steps should be taken to ensure that the examination of Mr. D. H. Urquhart's report on cacao cultivation is completed as quickly as possible and that, if his recommendations are acceptable to Government, they are implemented without any loss of time. If Government decide, on Mr. Urquhart's report, to develop cacao plantation, they may also consider the question whether in order to achieve quick and satisfactory results, an assurance should be given to the cacao plantation industry that if it is run on sound lines and is able to produce beans of grades required by the cocoa powder and chocolate industry, it will be given protection against unfair competition from abroad.

2. Government accept recommendations (1) and (2). Steps will be taken in due course to discontinue protection to the industry with effect from the 1st January, 1959.

(ii)

3. Government have taken note of recommendations (3) to (5) and steps will be taken to implement them as far as possible.

ORDER

ORDERED that a copy of the Resolution be communicated to all concerned and that it be published in the Gazette of India.

S. RANGANATHAN.

Secretary to the Government of India.



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CONTENTS

PARAGRAPH	PAGE
1. Previous tariff inquiries	1
2. Present inquiry	1
3. Method of inquiry	1
4. Implementation of the Commission's recommendations on matters other than tariff in its last report (1956)	2
5. Scope of the inquiry	4
6. Progress since the last inquiry and the present position of the industry	4
7. Rated capacity	5
8. Indigenous production	6
9. By-products	7
10. Domestic demand	8
11. Quality	9
12. Raw materials	10
13. Import control policy and imports	12
14. Existing rates of duty	13
15. C. i. f. prices	14
16. Commission's estimates of costs of production and fair ex-works prices of indigenous cocoa powder and chocolate	15
17. Comparison of fair ex-works prices of indigenous cocoa powder and covering chocolate with the landed costs of imported products	17
18. Selling system and selling prices	18
19. Exports	18
20. Other recommendations	18
21. Summary of conclusions and recommendations	19
22. Acknowledgements	20

APPENDICES

I. List of firms, persons, bodies and associations to whom the Commission's questionnaires or letters were issued and from whom replies or memoranda were received	23
II. List of persons who attended the Commission's public inquiry on 11th July, 1958	25

REPORT ON THE CONTINUANCE OF PROTECTION TO THE COCOA POWDER AND CHOCOLATE INDUSTRY

1. Protection to the cocoa powder and chocolate industry was granted in 1947, after a Tariff Board inquiry, by the Indian Tariff (Amendment) Act, 1947. The revenue duty of **Previous tariff inquiries** 30 per cent. *ad valorem* on cocoa powder and covering chocolate prevailing at that time was converted into a protective duty at the same rate and the period of protection was initially fixed upto 31st March, 1950. In addition, assistance was given to the industry by remitting in full the import duty of 30 per cent. *ad valorem* on its principal raw material, namely, cocoa beans. Subsequently there were three tariff inquiries into this industry, one by the late Tariff Board in 1949 and the remaining two by the Tariff Commission, first in 1954 and subsequently in 1956. The period of protection is due to expire on 31st December, 1958.

2. The present inquiry was undertaken under section 11(e) read with section 13 of the Tariff Commission Act, 1951 under which the Commission is empowered to inquire into, and **Present inquiry** report on, any further action required in relation to the protection granted to an industry with a view to its increase, decrease, modification or abolition according to the circumstances of the case.

3.1. Questionnaires for producers, importers and consumers of cocoa powder and covering chocolate were issued on 29th April and a press note was issued on 30th April, 1958 inviting firms, persons and associations interested in the industry or in industries depending on the use of those products to obtain copies of the relevant questionnaires and send replies. The Development Wing and the Indian Confectionery Manufacturers' Association were asked for memoranda on the present position of the domestic industry. The State Governments of Bombay and Madras were requested to furnish information with regard to the manufacturing units situated in their respective States. The Central Food Technological Research Institute, Mysore, was asked for its views on the quality of indigenous products. Enquiries were made from the Ministry of Food and Agriculture and the Indian Council of Agricultural Research about the steps that have been taken to develop Cacao cultivation in the country and the quality of indigenous cocoa beans, if any. Similar information was called for from the State Governments of Madras, Mysore, West Bengal, Kerala, Assam, Orissa, Bombay and Andhra. Data relating to c.i.f. prices and landed costs of imported cocoa powder and covering chocolate were sought from Collectors of Customs at the principal ports. In addition, the Indian High Commission in the U. K. and the Indian Embassy at Hague (Holland) were requested to

furnish information regarding f.o.b./c.i.f. quotations of cocoa powder and covering chocolate. A list of firms, persons, bodies and Associations to whom the Commission's questionnaires, and letters were issued and from whom replies or memoranda were received is given in Appendix I.

3.2. Shri S. V. Rajan, Cost Accounts Officer, visited the factory of Cadbury-Fry (India) Private Ltd. on 2nd June, 1958 to examine its costs of production of cocoa powder and covering chocolate. The costs of production of Sathe Biscuit and Chocolate Co. Ltd. were examined by Shri S. R. Malliya, Assistant Cost Accounts Officer, who visited the company's factory at Poona on 1st July, 1958.

3.3. A public inquiry was held at the Commission's office on 11th July, 1958. A list of persons who attended the inquiry is given in Appendix II. As the representative of Sathe Biscuit and Chocolate Co. Ltd. could not attend the public inquiry owing to inclement weather, he met the Commission on 14th July, 1958.

4.1. We set out below the recommendations on matters other than tariff in our last Report (1956) and indicate the extent to which they have been implemented.

Implementation of the Commission's recommendations on matters other than tariff in its last report (1956)

4.2.1. 'Cacao plantation in Madras and elsewhere, to be of value, should be developed in closest collaboration with the domestic cocoa powder and chocolate industry. Expert advice should also be obtained from the U. K. Colonial Development Corporation and the chief cacao growing countries as to how best such plantations could be developed in this country. In addition, the Indian Council of Agricultural Research might consider the question of enlarging the terms of reference of the delegation, whom it proposes to depute to Ceylon shortly in connection with spices, so as to cover a detailed study of cacao plantation in that island and the extent to which her methods can be adopted in India.'

We have been informed that the Indian Council of Agricultural Research had requested the Colonial Development Corporation, London, and the West African Cocoa Research Institute for suggestions regarding the most suitable varieties of cacao that could grow in India. At the request of the Government of India the Cocoa, Chocolate and Confectionery Alliance, London, deputed Mr. D. H. Urquhart, former Director of Agriculture in Gold Coast, to carry out a survey of cacao growing areas in this country. Mr. Urquhart who reached India on 23rd May, 1958, has already visited the States of Madras, Kerala and Tripura and is expected to submit his report to the Government shortly.

4.2.2. In addition, the Indian Council of Agricultural Research has sanctioned a research scheme in Madras State for improving, *inter alia*, the cultivation of cacao. The Council has also requested the

States of Kerala, Mysore, Bombay, Orissa, Andhra, Assam and West Bengal to develop the cultivation of cacao by eliminating inferior varieties and by obtaining superior varieties of cacao from the Government of Madras.

4.3. 'Consumption of chocolate and cocoa powder being the result of an acquired taste, more active salesmanship and propaganda is called for on the part of domestic producers to promote sales of their products.'

We are informed by the manufacturers that as a result of their intensive advertising campaign, the demand for their products, especially cocoa powder, had gone up. Since import of cocoa beans has been severely restricted on account of foreign exchange difficulties they have been forced to curtail production and are, therefore, unable to cope with the demand.

4.4. 'The industry should keep itself abreast of all developments that may take place from time to time in other countries in the technique of production, storage and transport of cocoa powder and covering chocolate and make use of them to the maximum extent possible.'

The producers have stated that they keep themselves abreast of technological developments in other countries. One of the units has entered into arrangements for technical collaboration with well-known overseas concerns engaged in the manufacture of chocolate and cocoa powder.

4.5. 'The Indian Standards Institution should lay down standard specifications for cocoa powder and covering chocolate at an early date.'

Indian Standards for cocoa powder and covering chocolate have been issued, *vide* I.S.I. Specifications No. IS : 1164-1958 and No. IS : 1163-1958 respectively.

4.6. 'Government might consider the desirability of stopping the import of covering chocolate by actual users.'

This recommendation has been implemented. Import of confectionery including chocolate covertures in $\frac{3}{4}$ lb. slabs and cocoa and chocolate other than confectionery has been banned since January-June 1957. This restriction applies to all categories of importers including actual users.

4.7. 'Imports and exports of cocoa powder and covering chocolate should be recorded separately in Foreign Trade Statistics.'

This recommendation has also been implemented. Imports and exports of cocoa powder and covering chocolate are recorded separately from January 1957 in the Monthly Statistics of the Foreign Trade of India published by the Director General of Commercial Intelligence and Statistics.

4.8. 'Government should consider the question of prescribing that all covering chocolate should at the time of its importation into or sale in the country display on the container its composition, that is, whether it contains cocoa butter, hydrogenated palm kernel oil or any other substitute.'

Subsequent to the last inquiry the import of covering chocolate was banned and the Indian Standards Institution issued standard specifications for covering chocolate. Under these specifications the use of hydrogenated fat in the manufacture of chocolate is prohibited. In the circumstances Government has not considered it necessary to implement the recommendation.

5. Since 1947, tariff inquiries into the cocoa powder and chocolate industry have been confined to item 18 of the First Schedule to the Indian Tariff Act, 1934 :—

Scope of the inquiry Cocoa and chocolate other than confectionery.

(a) Cocoa powder,

(b) Chocolate other than confectionery.

They did not include any of the by-products of the industry such as cocoa butter and cocoa shell. As there was no request for widening the scope of the present inquiry, it was confined to cocoa powder and covering chocolate.

6.1. At the time of the last tariff inquiry in 1956, Sathé Biscuit and Chocolate Co. Ltd. was the only producer of cocoa powder and chocolate from cocoa beans on a commercial scale. Cadbury-Fry (India) Private Ltd. which had installed necessary equipment for manufacture of those products from cocoa beans had not then started production and was engaged in repacking imported cocoa powder and in remoulding imported chocolate. Another company which was engaged in the production of covering chocolate was Dr. Writer's Chocolates and Canning Co., Bombay. In addition to these three units, there were a number of units which were engaged in the manufacture of chocolate confectionery and chocolate slabs. One such unit was Parrys Confectionery Ltd. (East India Distilleries and Sugar Factories Ltd., Madras) which was producing small quantities of covering chocolate for use in the production of certain varieties of its confectionery. G. G. Industries, Agra, was another unit which was processing covering chocolate into eating chocolates.

6.2. Shortly after the last inquiry, Cadbury-Fry (India) Private Ltd., commenced production on a commercial scale of both chocolate and cocoa powder from cocoa beans. Dr. Writer's Chocolates and Canning Co. has also recently installed one refiner and kettle with a capacity of 1000 lbs. of chocolate per day. The present position of the industry is that there are two units, namely, Cadbury-Fry (India) Private Ltd. and Sathé Biscuit and Chocolate Co., Ltd. which are

engaged in the commercial production of cocoa powder and chocolate from cocoa beans. Two other producers, namely, Dr. Writer's Chocolates and Canning Co. Bombay, and Parrys Confectionery Ltd., Madras, have capacities to manufacture chocolate from cocoa beans and are producing that article on a small scale. In addition, there are number of units which are engaged in the manufacture of confectionery from covering chocolate or in processing covering chocolate into eating chocolates.

6.3. The Government of India have recently set up under the Industries (Development and Regulation) Act, 1951 a Development Council for food processing industries which include, *inter alia*, the cocoa powder and chocolate industry. The Council will, among other things, recommend targets of production, co-ordinate production programmes, watch the progress of the concerned industries and recommend measures for their improvement.

7. In our last Report the rated capacity of Sathe Biscuit and Chocolate Co. and Cadbury-Fry (India) Private Ltd. has been shown as below:—

Name of the company	Capacity in tons per single shift	
	Covering chocolate	Cocoa powder
Sathe Biscuit & Chocolate Co. Ltd.	450	150
Cadbury-Fry (India) Private Ltd.	340	125

In connection with the present inquiry we have been informed that though the planned installed capacity of Cadbury-Fry (India) Private Ltd. was as indicated in the above statement, actual operation has shown that its capacity on single shift is 300 tons of cocoa powder and 500 tons of chocolate. The Company has applied to Government to recognize its capacity on single shift at the higher figures of 300 tons of cocoa powder and 500 tons of covering chocolate. The Director of Industries, Bombay, who was asked by the Development Wing to make a fresh assessment, has replied to the effect that the contention of the company was correct. The representative of Dr. Writer's Chocolates and Canning Co. stated that the erection of his new equipment has been completed only recently and that he would apply to Government shortly for necessary amendment of his licence. Since the higher rated capacities of Cadbury-Fry (India) Private Ltd. and Dr. Writer's Chocolates and Canning Co. have not yet been approved by the Licensing Committee and Government, we have assumed

that the present annual rated capacity of the domestic industry on single shift is as follows :—

Name of the Company	Covering chocolate	Cocoa powder
	Tons	Tons
Sathe Biscuit and Chocolate Co. Ltd.	450	150
Cadbury-Fry (India) Private Ltd.	*340	*125
Dr. Writer's Chocolates and Canning Co.	†15	Nil
	805	275

*The firm's application for recognition of its higher capacity (500 tons of covering chocolate and 300 tons of cocoa powder) is under consideration by Government.

†The firm has installed certain plant and machinery which is stated to have raised its capacity on single shift to 132 tons of covering chocolate per annum. It proposes to apply to Government for recognition of the higher capacity.

We have not taken into account the installed capacity of Parrys Confectionery Ltd., as it does not sell its covering chocolate in the market.

8.1. The following table gives the production of cocoa powder **Indigenous production** and covering chocolate since January 1956 :—

(In tons)

Name of the unit	Production		
	1956	1957	1958 (Jan.-April)
<i>Cocoa Powder</i>			
Sathe Biscuit & Chocolate Co. Ltd.	33'00	41'00	9'00
Cadbury-Fry (India) Private Ltd.	(Not in production)	118'62	33'45
TOTAL	33'00	159'62	42'45
<i>Covering Chocolate</i>			
Sathe Biscuit & Chocolate Co. Ltd.	73'00	64'00	14'00
Cadbury-Fry (India) Private Ltd.	(Not in production)	256'81	87'88
Dr. Writer's Chocolates and Canning Co.	0'70	1'91	0'15
TOTAL	73'70	322'72	102'03

8.2. The representative of Cadbury-Fry (India) Private Ltd., stated that owing to initial difficulties connected with the starting of a new plant, his capacity could not be fully utilised in the first half of 1957; during the latter half, shortage of raw materials was responsible for under-utilisation of his capacity. The other producers stated that they could not utilise their capacity for lack of demand for their chocolates.

9.1. The by-products obtained in the manufacture of cocoa powder and chocolate are cocoa butter and cocoa shell. In order to understand the relationship between the raw material and the products of the cocoa industry,

By-products

it is necessary to examine their technical connection. The raw cocoa beans may be divided into three separate constituent parts. The largest single component consists of fat, commercially known as cocoa butter and accounts for nearly 45 per cent. of the average raw bean. A further 35 per cent. consists of usable non-fat content and the remaining one-fifth is made up of waste material, mainly shell, which is not ordinarily used by the cocoa and chocolate industry. The raw beans are cleaned, dried and then roasted to develop the characteristic flavour and aroma of cocoa. The roasted beans are passed through a nibbing process which enables the husks or shells to be removed and leaves the kernels which are known commercially as "cocoa nibs". The cocoa nibs, which contain approximately 55 per cent. fat and 45 per cent. non-fat solids form the basic raw material for the manufacture of cocoa powder or chocolate. The nibs are ground into paste which settles, after cooling, to a hard brown block called the cocoa mass. The mass is pressed to obtain cocoa butter and cocoa cake containing 21 to 24 per cent. butter. This cake is pulverised and treated with flavouring agents to produce cocoa powder. Thus the manufacture of cocoa powder yields substantial quantities of cocoa butter. Covering chocolate is produced from cocoa mass to which further cocoa butter is added. The amount of cocoa butter which is added to a given quantity of cocoa mass in chocolate manufacture may vary widely according to the tastes and requirements of the consumer. In a completely balanced situation the additional butter required in the manufacture of chocolate comes from the production of cocoa powder. If, however, the production of powder goes up proportionately higher than the corresponding output of chocolate, as is now the case in this country, the manufacturers are left with a surplus of cocoa butter. This butter is used mostly in the manufacture of chocolates but small quantities are also consumed in the preparation of cosmetics and certain pharmaceuticals. The total demand in the country being limited, surplus cocoa butter has to be exported to chocolate producing countries in the West. We are informed that Cadbury-Fry exported about 25 tons of cocoa butter during 1957.

9.2. As regards cocoa shell, high fat shell is used in Western countries for the extraction of cocoa butter by the solvent extraction method and also for producing Thiobromine. Cadbury-Fry (India)

Private Ltd. has been able to export small quantities of shell to U. K. Sathe Biscuit and Chocolate Co. is reported to have sold small quantities of shell to local Pinjrapoles for use as cattle feed. Dr. Writer's has been throwing away its shell as waste.

10.1. In 1956 we had estimated the domestic demand for both cocoa powder and covering chocolate at 300 tons per annum and observed that it would not be unrealistic to estimate the future demand at 500 tons a year.

Domestic demand

10.2. In connection with the present inquiry we have received estimates of demand from various sources ranging between 300 tons and 700 tons for 1958 and between 400 tons and 1000 tons for 1961. The Development Wing estimates that the demand for 1958 is 200 tons of cocoa powder and 350 tons of chocolate and that it would rise to 300 tons of cocoa powder and 450 tons of chocolate by 1961. According to Cadbury-Fry, given unrestricted supplies of raw materials, the demand for 1958 will be 300 tons of cocoa powder and 400 tons of chocolate and that by 1961 the internal demand may be expected to go up to 400 tons of cocoa powder and 600 tons of chocolate. Sathe Biscuit & Chocolate Co. Ltd., however, estimates the current demand for both cocoa powder and chocolate at 300 tons and the future demand at 400 tons. Dr. Writer's Chocolates and Canning Co. estimates the current demand for both the products at 400 tons and expects the demand to go up to between 400 and 800 tons by 1961.

10.3. In 1956 the total availability of cocoa powder and chocolate in the country was 106.70 tons of indigenous production and 128.85 tons of imported variety making a total of 235.55 tons. During 1957 indigenous production was 159.62 tons of cocoa powder and 322.72 tons of covering chocolate and imports were 28.60 tons of cocoa powder and 7.85 tons of covering chocolate making a total of 518.79 tons consisting of 188.22 tons of cocoa powder and 330.57 tons of covering chocolate. There is no evidence to suggest that the total availability during 1957 (518.79 tons) resulted in accumulation of stocks with either the producers or the dealers. On the other hand, both Sathe and Cadbury-Fry were of the view that the demand for cocoa powder was not fully satisfied. According to Cadbury-Fry the demand for cocoa powder in 1957 ranged between 225 and 250 tons so that the total demand for chocolate and cocoa powder during that year varied between 555 (330 plus 225) and 580 (330 plus 250) tons. On this basis it would not be wrong to estimate the potential demand for 1958 at 650 tons (350 tons of chocolate and 300 tons of cocoa powder). In fact, the representative of Cadbury-Fry was optimistic that given adequate supplies of raw materials, he would be able to market 300 tons of cocoa powder and 400 tons of chocolate but as import of beans has been severely restricted he could not hope to produce more than 100 tons of cocoa powder and 250 tons of chocolate. Consumption of chocolate and cocoa powder being the result of an acquired taste, demand for the products is highly elastic and reacts quickly to availability and price factor. Import of beans has been restricted and

spot quotations at the London Terminal Market exceeded £ 400 per ton towards the end of May 1958. Though there has been a break since then, yet the current prices of beans are very high. These factors are bound to lead to considerable shrinkage in availability of cocoa powder and chocolate in the country and therefore a good portion of the potential demand would remain unfulfilled. However, for notional calculation of domestic demand for 1958, it would not be unrealistic to base it on the availability of cocoa powder and chocolate. Production during the first four months of the year was 42 tons of cocoa powder and 102 tons of chocolate and on the basis of the latest information available, the total production during 1958 is not likely to exceed 150 tons of cocoa powder and 300 tons of chocolate. We consider that these figures could be adopted as representing approximately the demand for 1958.

10.4. As regards the future, the views generally expressed before us were that the problem was beset with so many uncertain factors that it would render any intelligent forecast of demand for 1961 impossible. Foreign exchange difficulties are likely to persist for some time to come and the cocoa powder and chocolate industry cannot claim any priority for foreign exchange allotment. We have considered the matter carefully and have come to the conclusion that as the supply of chocolate and cocoa powder is bound to be restricted, it would not be possible to project any demand for them in 1961.

11.1 In our 1956 report we recommended that the domestic producers should keep themselves informed of all technological developments that might take place from time to time in other countries in the manufacture, storage and transport of covering chocolate and cocoa powder and make use of them to the maximum extent possible. Both Sathé and Cadbury-Fry have stated that they had not received any complaints regarding the quality of their products. All the producers have informed us that they are keeping themselves up-to-date with technological developments in other countries through journals and magazines. Sathé is a member of the International Cocoa and Chocolate Association at Brussels. It has also joined the membership of British Food Industries Research Association. The results of research carried out by that Association are available to Sathé regularly.

11.2. The Central Food Technological Research Institute, Mysore has stated that it recently examined samples of indigenous products and found them to be fairly satisfactory. The Development Wing has stated that the quality of indigenous cocoa powder and chocolate is reported to be satisfactory. The matter was discussed at the public inquiry and the consensus of opinion was that the quality of indigenous products has improved since the last inquiry in 1956 and that it can now compare favourably with that of the imported products.

12.1. The principal raw material, namely, cocoa beans, is not available from indigenous sources and is imported. Cadbury-Fry obtains its supplies from Ghana through its foreign associates while **Raw materials** Sathe and Dr. Writer's import their requirements from Ghana, Brazil and Ceylon. In our 1956 Report we observed that there were several areas in the South where the soil and the climate were likely to be favourable to the development of cacao. We stated that while the industry was more interested in beans of the Forastero variety, the State Government of Madras and the Indian Council of Agricultural Research were actively engaged in the cultivation of a different variety, namely, Criollo. We also stated that since cacao is very susceptible to attacks by pests and certain types of fungus growth, expert advice should be sought from other cacao growing countries as to the best method of developing cacao cultivation in this country. Further, as cocoa beans are almost exclusively used in the manufacture of chocolate and cocoa powder, there should be close collaboration between the industry and the State Governments concerned in the future development of cacao planting.

12.2. We observe that though some efforts have been made to grow cacao plants in Madras and seedlings have been distributed to other States from the Kallar and Burliar Experimental Fruit Stations, no serious attempts have been made in any of the States to establish commercial cultivation of the plant. It also appears that the Government of Madras have continued to propagate the seedlings of Criollo type on the grounds that their beans produce flavour cocoa and command a premium in the market and that the Chief Chemist of Cadbury-Fry, London, reported very favourably on a sample of Criollo beans sent to him in 1951. The State Government has not as yet made any effort to grow Forastero type of cacao plant though this is the type most widely favoured by manufacturers throughout the world.

12.3. Through the good offices of the Cocoa, Chocolate and Confectionery Alliance, London, the Indian Council of Agricultural Research obtained the services of Mr. D. H. Urquhart, former Director of Agriculture in Gold Coast, to carry out a survey of possible cacao growing areas in India. Mr. Urquhart arrived in India on 22nd May, 1958 and has already visited the States of Madras, Kerala and Tripura. He attended our public inquiry on 11th July and we also discussed with him separately the potentialities of cacao cultivation in the country. Mr. Urquhart stated that cocoa seeds of the Criollo type were introduced into this country from Ceylon about thirty years ago. Trees could be seen growing in the States of Madras, Kerala and Bombay but the yield from them is negligible. He was, however, convinced, from what he had seen, that there are certain places in South India where cacao could be planted with confidence that it would grow well; that the great bulk of world market is now geared to the basic cacao of the Forastero type and that the demand for Criollo cacao is less than 5 per cent. of the total demand and that it was his experience that Criollo and crosses which contain a good deal of Criollo are more delicate in their response to environment, more readily succumb to pests and diseases and have failed to grow productively where Forastero types have succeeded. He stated that he had also observed a physiological defect (deterioration of the

tissue of the middle of the bean) in some beans of pure Criollo in India. Notwithstanding the advice given by the Chief Chemist of Cadbury Bros. in 1951, he strongly recommended that Forastero type of cacao, namely, amelonado and upper amazon and hybrids of amazon, were the best types of cacao whose cultivation should be developed in India.

12.4. As regards the economics of cacao cultivation, Mr. Urquhart stated that with proper supervision and care, an acre of land should be able to yield, on an average, $\frac{1}{2}$ ton of cocoa beans. Since the total requirements of the domestic industry are about 1500 tons of beans a year, it should be possible to raise this crop without in any way interfering with the additional requirements of land for food crops and traditional cash crops like tea, coffee, rubber, cocoanuts, cashewnuts, black pepper, etc. He observed that cocoa is one of the more profitable tree crops and comes into bearing earlier than other trees and that, as beans can be expected to fetch normally in world markets a price of £ 200 to £ 250 per ton, it is an important earner of foreign exchange. Indeed, Mr. Urquhart appeared to entertain no doubt whatever that there are large virgin tracts in the South whether the soil and the climate are suited to cacao and that enough cacao could be grown to provide sizeable quantities for export after meeting the internal requirements in full.

12.5. We understand that Mr. Urquhart has already submitted an interim report on his investigations and expects to submit his full report shortly. Since our foreign exchange difficulties are likely to persist for some time to come, it has become a matter of great urgency to develop cacao planting in the country with a view to attaining self-sufficiency in the first instance. We recommend, therefore, that steps should be taken to ensure that the examination of Mr. Urquhart's report is completed as quickly as possible and that, if his recommendations are acceptable to Government, they are implemented without any loss of time. We take this opportunity to reiterate that the steps that have so far been taken to develop cacao planting by distributing seedlings from Burliar and Kallar sations to small agriculturists have failed to produce any tangible results. The representative of the Government of Madras who attended the public inquiry admitted that no follow-up action had been taken to ensure that the seedlings were planted on the right soil, that correct planting methods were adopted and that proper attention was paid to pest and disease control. We have not been able to collect data for ascertaining the cost of cultivating an acre of land with cacao on a scientific basis. But it seems to us that since cacao plant begins to bear usually in the fourth or fifth year and comes into full bearing by the seventh year or so, the period of initial waiting is too long for an average Indian agriculturist with limited resources to be interested in cacao. We also consider that the present method of distribution of seedlings would be of no avail to create any real interest in the commercial cultivation of cacao and that more positive and earnest efforts are needed. It is perhaps true that in other countries small holders play an important part in growing cacao but that is after its value as a remunerative commercial crop had been accepted by small holders. Having regard to the poor staying power and conservativeness of

Indian agriculturists and to the need for developing cacao cultivation very quickly, we feel that a beginning should be made by encouraging plantings of cacao either singly or with some other crop in moderately sized estates on an organised scale by plantation entrepreneurs. If Government decide, on Mr. Urquhart's report, to develop cacao plantation, they may also consider the question whether in order to achieve quick and satisfactory results, an assurance should be given to the cacao plantation industry that if it is run on sound lines and is able to produce beans of grades required by the cocoa powder and chocolate industry, it will be given protection against unfair competition from abroad.

12.6. The other raw materials required are sugar, lecithin, milk powder (for chocolate), certain chemicals and flavour. Besides, several packing materials such as coated paper, aluminium foils, tins and cardboard boxes are also necessary. The industry did not complain of shortages of any of these articles except fabricated tin plate containers for their products.

13.1. Imports of cocoa powder and covering chocolate other than confectionery (Sl. No. 72 of Part IV of I.T.C. Schedule) have been banned since 1st January, 1957. As regards
Import control policy and imports beans, licences are issued *ad hoc* to actual users.

13.2. Statistics of imports of cocoa powder and covering chocolate were recorded together upto the end of 1956 in the monthly statistics of Foreign Trade of India. The following statement shows our imports of those articles during the years 1951 to 1956 :—

Year	Quantity	Value
	(in tons)	(in lakhs of Rs.)
1951	269.65	8.19
1952	148.20	6.39
1953	332.25	11.36
1954	240.20	11.29
1955	34.25	1.78
1956	128.85	3.78

Since 1st January, 1957 cocoa powder and chocolate couverture are separately recorded. A statement showing the country-wise imports of these products during 1957, is given below:—

Country	Cocoa Powder		Chocolate Couverture	
	Quantity	Value	Quantity	Value
	(in Cwts.)	(in Rs.)	(in Cwts.)	(in Rs.)
1. U. K.	560	1,16,668	39	11,100
2. Sweden . . . . .	..	125	..	..
3. Netherlands	3	1,037	107	22,945
4. U. S. A.	9	2,975	..	..
5. Switzerland . . . . .	..	..	11	3,655
TOTAL	572 (or 28.60 tons)	1,20,805	157 (or 7.85 tons)	37,700

14. Cocoa powder and chocolate, other than confectionery, are at present assessed to protective duty under I.C.T. Item No. 18. The relevant extract showing the description of the articles and the rates of duty thereon as given in the First Schedule to the Indian Tariff Act, 1934 is reproduced below :—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The U.K.	A British Colony	Burma	
18 (a)	Cocoa powder	Protective	35 per cent. <i>ad valorem</i>	..	..	..	December 31st, 1958.
(b)	Chocolate other than confectionery.	Do.	50 per cent. <i>ad valorem</i> or Re. 1/- per lb., whichever is higher	..	..	..	Do.

15. In view of the ban on imports of cocoa powder and covering chocolate it was not possible to ascertain c.i.f. prices of recent imports. **C.i.f. prices** However, the Collector of Customs, Bombay, has furnished the following information regarding imports in 1957:—

(Rs. per lb.)

	Cadbury's Bourneville cocoa in tons	Milk chocolate cover- ture (D.F. Jonkar Brand)	Milk chocolate cover- tures in blocks
Origin of import	U.K.	Holland	Holland
Date of import	12th August, 1957	11th October, 1957	21st November, 1957
C. i. f. price	2.96	2.06	1.84
Customs duty	1.03	1.03	1.00
Clearing charges	0.40	0.30	0.28
Landed cost	4.39	3.39	3.12

We also obtained the following c.i.f./f.o.b. quotations of cocoa powder and chocolates from the Indian Embassy in The Hague and the High Commission for India in London respectively:—

Source of information	Product	C.i.f. or f.o.b. quotations	Quotation (Rs. per lb.)
Embassy of India, The Hague.	1. Cocoa powder (lower qualities)	C.i.f. Indian ports	Rs. 0.79 to Rs. 0.91
(Quotations during 1957).	2. Cocoa powder (superior qualities).	Do.	Rs. 1.36 to Rs. 1.70
	3. Covering chocolate (lower qualities).	Do.	Rs. 1.59 to Rs. 1.97
	4. Covering chocolate (superior qualities).	Do.	Rs. 1.86 to Rs. 2.27
The High Commission of India in London.	1. Cocoa powder containing 21/24% cocoa butter for bulk packing in bags.	F.o.b.	Rs. 0.90 to Rs. 1.61
(Quotations between March 1957 and May 1958).	2. Cocoa powder containing 16/19% cocoa butter for bulk packing in bags.	Do.	Rs. 0.80 to Rs. 1.44
	3. Cocoa powder containing 21/24% cocoa butter for household packing.	Do.	Rs. 2.17
	4. Covering chocolate full cream milk in blocks of not less than 7 lbs.	Do.	Rs. 2.00 to Rs. 2.50
	5. Covering chocolate plain sweetened in blocks of not less than 7 lbs.	Do.	Rs. 1.83 to Rs. 2.39

The representatives of producers and consumers who attended the public inquiry agreed that the Dutch c.i.f. quotations of Rs. 1.70 for cocoa powder and Rs. 2.27 for covering chocolate were reasonable. The representative of Sathe, who met us after the public inquiry, also agreed with that view. However, these quotations were current in 1957. Subsequently, there has been a sharp rise in prices of beans which, we understand, has raised the prices of cocoa powder in overseas countries. This is borne out by c.i.f. quotations for Indian ports which were reported by the Indian Embassy at Hague on 18th July, 1958.

They are :—

Cocoa powder (Superior quality)	Rs. 2.04 per lb.
Plain covering chocolate (Superior quality)	Rs. 2.06 per lb.

We do not consider that it would be fair to accept lower quotations of 1957 for the purpose of comparing estimated future ex-works prices of indigenous products. Accordingly the latest Dutch quotations for cocoa powder and chocolate, namely Rs. 2.04 for cocoa powder and Rs. 2.06 for plain covering chocolate have been adopted in our calculations in paragraph 17.

16.1. The costs of production of cocoa powder and chocolate at the factories of Sathe Biscuit and Chocolate Co. Ltd., Poona and Cadbury-Fry (India) Private Ltd., Bombay were examined by our Cost Accounts Officers. Their reports are forwarded separately as confidential enclosures to this report. On the basis of the data obtained by the Cost Accounts Officers we have also estimated the fair ex-works prices of the products for the future.

16.2. The Cost Accounts Officers' investigations covered the year ended 31st March, 1957 in the case of Sathe and the period from 30th December, 1956 to 4th January, 1958 in the case of Cadbury-Fry. Sathe's production during the period costed was 29.71 tons of cocoa powder, 50.41 tons of milk covering chocolate and 26.06 tons of plain covering chocolate while Cadbury-Fry's production was 118.62 tons of cocoa powder, 200.08 tons of milk covering chocolate and 56.73 tons of plain covering chocolate. The actual costs of production analysed under the principal heads were as follows :—

	(per lb.)					
	Cocoa powder		Milk covering chocolate		Plain covering chocolate	
	Sathe	Cadbury Fry	Sathe	Cadbury Fry	Sathe	Cadbury Fry
	1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Cost of materials	3.362	3.12	1.821	1.43	1.633	1.29
2. Conversion charges	0.852	1.72	0.895	1.40	0.895	1.39
TOTAL	4.414	4.84	2.716	2.83	2.528	2.68

	1	2	3	4	5	6
3. Less credit for cocoa butter and cocoa shell.	2.451	2.34	0.032	..	0.032	..
4. Add short realisation on cocoa butter sold.	..	0.14	..	..	..	..
Net cost of production	1.963	2.64	2.684	2.83	2.496	2.68

16.3. It will be seen that while the cost of raw materials was higher in the case of Sathe, its conversion (processing) charges were, lower. Cadbury-Fry has the advantage of obtaining its cocoa beans through its foreign associates who, on account of their vast resources and world-wide organisation, are able to obtain cheaper supplies of cocoa beans. Further, Cadbury-Fry's organisation is geared to a high production of 800 tons and its incidence therefore fell heavily on the lower output during the costed period. In any event, we do not see any prospect, in the near future, of Cadbury-Fry being able to import raw materials sufficient for its capacity and achieve any economy in its processing charges. In such a situation it is obvious that Cadbury-Fry's cost of raw materials or conversion charges cannot be regarded as representative of the domestic industry. The costs at which Sathe will be able to obtain its beans from abroad and to process them into cocoa powder and chocolate will be more representative of the domestic industry. Accordingly we have chosen data collected from Sathe to work out the future fair ex-works prices on the following assumptions:—

Production.—Production has been assumed at 60 tons of cocoa powder and 80 tons of covering chocolate (milk and plain).

Material cost.—Prices of raw materials have been assumed at latest purchase rates.

Depreciation.—Depreciation has been calculated on the written down value of block at normal income-tax rates.

Profit.—Profit has been calculated at the rate of 10 per cent. on the capital employed.

16.4. The fair ex-works prices of cocoa powder and chocolate worked out on the basis of above assumptions are:—

	Per lb. (Rs.)	
	Cocoa powder	Plain covering chocolate
Works cost	2.38	2.83
Profit	0.27	0.28
Fair ex-works price	2.65	3.11

17.1. The following statement gives a comparison of the c.i.f. prices and landed costs ex-duty of imported cocoa powder and covering chocolate (referred to in paragraph 15 above) with the ex-works prices of indigenous products:—

Comparison of fair ex-works prices of indigenous cocoa powder and covering chocolate with the landed costs of imported products.

	(Rs. per lb.)	
	Cocoa Powder	Covering chocolate
1. C. i. f. price	2.04	2.06
2. Clearing charges	0.06	0.06
3. Landed cost without duty	2.10	2.12
4. Fair ex-works price of indigenous product	2.65	3.11
5. Difference between 4 and 3	0.55	0.99
6. Above difference shown as percentage on c.i.f.	26.96%	48.06%

17.2. From the above statement it will be seen that the rates of duties which will be required to protect the domestic industry from foreign competition will be 27 per cent. in the case of cocoa powder and 48 per cent. in the case of covering chocolate, which are slightly lower than the current rates of protective duty, namely 35 per cent. *ad valorem* on cocoa powder and 50 per cent. *ad valorem* or Re. 1 per lb. whichever is higher, on covering chocolate. The immediate problem of the industry, however, is not any direct competition from imported products; it arises from the shortage of cocoa beans. As stated in paragraph 13 imports of cocoa powder and covering chocolate are banned. There is also little likelihood of the present restriction on import of those articles being relaxed in the foreseeable future. The industry depends entirely on foreign sources for cocoa beans and due to shortage of foreign exchange it is not obtaining beans in sufficient quantities to maintain production at an economic level. This problem can be solved by liberalising the import of cocoa beans or by undertaking cacao cultivation within the country itself so as to produce sufficient quantities of cocoa beans required by the domestic industry. The second alternative is a long-term proposition and we have made certain suggestions in that connection in paragraph 12.5. In short, the question centres round the immediate possibility of allowing imports of cocoa beans, which will depend on the availability of foreign exchange. So long as the present stringency of foreign exchange lasts there is no question of spending any amount on the import of cocoa powder and chocolate particularly as substantial manufacturing capacity remains unutilised for want of raw materials. Whatever foreign exchange we may be in a position to spare for the cocoa powder and chocolate industry should be utilised in importing cocoa beans. In the circumstances what the industry needs is adequate supply of raw

material at reasonable prices rather than tariff protection. We, therefore, recommend that protection granted to cocoa powder and covering chocolate industry should be discontinued with effect from 31st December, 1958, and that with effect from 1st January, 1959 the revenue duties on I.C.T. No. 18 may be fixed by Government at rates based on considerations of revenue. If, however, import control is substantially relaxed in future (which we consider extremely unlikely) and imports of foreign chocolate and cocoa power constitute a threat to the industry, the domestic producers may apply for consideration of their case.

18.1. We have not received any complaint against the selling systems or prices of indigenous cocoa powder and chocolate. Cadbury-Fry has **Selling system** appointed a selling agent for the whole of South India. **and selling prices** As regards the rest of the country, it has its own sales arrangements and has appointed in many places distributors who sell direct to dealers. Sathé markets its products through area agents and stockists from whom retailers obtain their supplies. Dr. Writer's sells its products through canvassers and sole agents. The commission payable to selling agents, distributors, etc., varies from 5 per cent. to 10 per cent.

18.2. Prices of Cadbury-Fry's products are slightly higher than those of the products of other manufacturers. Nevertheless, the former products appear to be in greater demand than those of Sathé and Dr. Writer's.

19. The only export that has taken place was that of cocoa butter and cocoa shell by Cadbury-Fry to which reference has been made in paragraphs 9.1 and 9.2. There has been no export of Indian **Exports** cocoa powder and chocolates. The representatives of the industry expressed the view that as their cost of production was higher, there was no prospect of their competing in foreign markets.

20.1. *Ban on the establishment of any new capacity for processing beans.*—The industry represented that as the present installed capacity **Other re-** is very much in excess of the most optimistic estimates **commenda-** of demand for cocoa powder and chocolates in the foreseeable future, there should be a complete ban on the establishment of any new capacity for the processing of cocoa beans for use in the manufacture of any product containing cocoa or chocolate. We have carefully considered the matter and observe that if the additional capacities installed by Cadbury-Fry and Dr. Writer's are taken into account the total capacity of the indigenous industry on single shift comes to 450 tons of cocoa powder and 1082 tons of chocolate. Even if the domestic demand rises in 1961, as estimated by Cadbury-Fry, to 400 tons of cocoa powder and 600 tons of chocolate, it should be possible for the existing units not only to meet this demand but also to cater to the needs of any new industry that may be established for the manufacture of a product based on cocoa powder or chocolate. The quality of indigenous products is satisfactory and there is also keen competition amongst the

existing producers. We are satisfied that there is no need for creating any new capacity for this industry. We recommend, therefore, that no new or additional capacity for the processing of cocoa beans should be established in the country so long as the existing installed capacity is not fully utilised.

20.2. *Duty-free import of cocoa beans.*—The industry requested us to recommend that until beans become available from indigenous sources, it should be allowed to import duty-free its requirements of beans. It was urged that the industry, which calls for technical skill of a high order, had been established at considerable cost, and that it would be wasteful to seal off its highly expensive machinery and disband the staff for want of the principal raw material. We have considered the matter very carefully. As observed in paragraph 10.3, the products of the industry cater to the cultivated taste of only a section of our people. The prospect of the industry building up an export trade with neighbouring countries within a short time is slender. Having regard to the present foreign exchange position, it is not possible for us to recommend a high priority for the import of cocoa beans. Nevertheless, it should not be forgotten that the cocoa powder and chocolate industry was established during the period of World War II in the wake of Government's announcement in 1940 of post-war protection against unfair competition from abroad. The foreign exchange involved in the import of beans to produce 650 tons of cocoa powder and chocolate (which represents in our view the potential domestic demand for 1958) is about Rs. 30 lakhs only. If, however, it is not possible to allot foreign exchange of this order for the import of raw materials required by this industry, we hope that it would be possible to allow some import of beans in future so that the cocoa powder and chocolate industry may remain in economic production. The present crisis has also underlined the urgent need for developing cocoa cultivation in the country as quickly as possible. In any case, the position of the industry will remain difficult for some time to come on account of shortage of raw materials. If on top of this, the concession of duty-free import of beans is withdrawn, the industry is likely to collapse. We recommend, therefore, that the present concession of duty-free import of cocoa beans should continue. Further, whatever exchange quotas are fixed from time to time for the import of beans, they should be distributed amongst the existing units in such a way that each unit receives licences commensurate with its requirements for economic operation. The Development Council for the Food Processing industries, which has recently been set up, should be able to assist in working out a satisfactory programme for this purpose.

20.3. *Ban on import of chocolate and cocoa powder.*—The industry also represented that so long as it is not able to obtain its requirements of cocoa beans freely the import of chocolate and cocoa powder should be banned. We have dealt with this question in paragraph 17.2. Briefly, we see little justification for allowing any import of cocoa powder and chocolate so long as the domestic industry is not able to work up to full capacity.

21. Our conclusions and recommendations may be summarised as under :—
Summary of conclusions and recommendations

(1) The potential domestic demand for 1958 for cocoa powder and chocolate is estimated at 650 tons (350 tons of chocolate and 300 tons of cocoa powder). It would not be unrealistic to base the domestic demand for 1958 on the availability of the products. Accordingly 150 tons of cocoa powder and 300 tons of chocolate have been adopted as representing approximately the demand for 1958.

[Paragraph 10.3.]

(2) The quality of indigenous cocoa powder and chocolate has improved since the last inquiry in 1956 and it can now compare favourably with that of the imported products.

[Paragraph 11.2.]

(3) Steps should be taken to ensure that the examination of Mr. D. H. Urquhart's report on cacao cultivation is completed as quickly as possible and that, if his recommendations are acceptable to Government, they are implemented without any loss of time. Government may also consider the question whether in order to achieve quick and satisfactory results, an assurance should be given to the cacao plantation industry that if it is run on sound lines and is able to produce beans of grades required by the cocoa powder and chocolate industry, it will be given protection against unfair competition from abroad.

[Paragraph 12.5.]

(4) Protection granted to cocoa powder and covering chocolate industry should be discontinued with effect from 31st December, 1958. If import control is substantially relaxed in future, and imports of foreign chocolate and cocoa powder constitute a threat to the industry, the domestic producers may apply for consideration of their case.

[Paragraph 17.2.]

(5) No new or additional capacity for the processing of cocoa beans should be established in the country so long as the existing installed capacity is not fully utilised.

[Paragraph 20.1.]

(6) The present concession of duty-free import of cocoa beans should continue. Whatever exchange quotas are fixed from time to time for the import of beans, they should be distributed amongst the existing units in such a way that each unit receives licences commensurate with its requirements for economic operation.

[Paragraph 20.2.]

22. We wish to express our thanks to producers, importers and consumers who furnished us with valuable information and gave evidence before us at the public inquiry. Our thanks are also **Acknowledgements** due to Mr. D. H. Urquhart, former Director of Agriculture in Gold Coast, who was in India at the invitation of the Government of India and who attended the public inquiry on our invitation.

C. RAMASUBBAN,

Chairman.

J. N. DUTTA,

Member.

R. S. BHATT,

Member.

RAMA VARMA,

Secretary.

BOMBAY,

Dated 11th August, 1958.

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APPENDIX I

(Vide paragraph 3.1.)

List of firms, persons, bodies and associations to whom the Commission's questionnaires or letters were issued and from whom replies or memoranda were received

*Those who replied or sent memoranda.

†Those who were not interested.

A. PRODUCERS

- *1. Sathe Biscuit & Chocolate Co. Ltd., 820, Bhawani Peth, Post Box No. 597, Poona-2.
- *2. Cadbury-Fry (India) Private Ltd., Cabury House, Bhulabhai Desai Road, Bombay-26.
- *3. Parrys Confectionery Ltd., Managing Agents, Parry & Co. Ltd., Dare House, P.O. Box No. 12, Madras-1.
- *4. Dr. Writer's Chocolates & Canning Co., Bhavanishankar Road, Dadar, Bombay-28.
- †5. Pure Products & Madhu Canning Private Ltd., Dr. Annie Besant Road, Worli, Bombay-18.

B. IMPORTERS

1. Nestle's Products (India) Ltd., 7, Hare Street, Calcutta-1.
- *2. Grahams Trading Co. (India) Ltd., 16, Bank Street, Bombay-1.
- *3. Baker & Co. Private Ltd., Opp. Crawford Market, Oomrigar Building, Bombay-3.
- *4. F. D. Mehta & Co., Standard Building, Dr. Dadabhai Naoroji Road, Bombay-1.
- †5. Cadbury-Fry (India) Private Ltd., Cadbury House, Bhulabhai Desai Road, Bombay-26
- *6. Herbertsons Ltd., 11-13, Elphinstone Circle, Bombay-1.
7. T. T. Krishnamachari & Co., Vulcan Insurance Bldg., 202 A, Veer Nariman Road, Churchgate Reclamation, Bombay-1.

C. CONSUMERS

- *1. Eros Theatre & Restaurant Ltd., Cambata Bldg., 42, Queen's Road, Backbay Reclamation, Bombay-1.
2. Magnolia Dairy Products Ltd., D-2, Hide Street, Calcutta.
- *3. Marosa & Co. Ltd., 13, Meadows Street, Bombay-1.
- *4. J. J. Sprung, 41, Forbes Street, Bombay-1.
5. Mongini Private Ltd., 45-47, Churchgate Street, Bombay-1.
6. Monita Baking Corporation, Scwree, Bombay-15.
- *7. G. G. Industries, Agra.
8. Shri R. S. Nathan, Block No. 11/94, Urvashi, Sion (West), Bombay-22.
- †9. The Rank Company, Swadeshi Mills Estate, Girgaum, Bombay-4.
10. Bombelli Swiss Confectionery, Vir Nariman Road, Bombay-1.

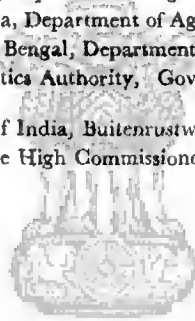
D. ASSOCIATIONS

- *1. The Indian Confectionery Manufacturers Association, India Exchange Place, Calcutta-1.
- *2. The Mahratta Chamber of Commerce & Industries, Mahratta Chamber of Commerce & Industries Buildings, Tilak Road, Poona-2.

E. GOVERNMENT DEPARTMENTS.

- *1. The Chief Industrial Adviser, Ministry of Commerce and Industry (Development Wing), Udyog Bhavan, King Edward Road, New Delhi.
- *2. The Secretary, Indian Council of Agricultural Research, Queen Victoria Road New Delhi.

3. The Secretary to the Govt. of India, Ministry of Food & Agriculture (Department of Agriculture), New Delhi.
- *4. The Secretary to the Govt. of Madras, Department of Industries, Labour & Co-operation, Madras.
- *5. The Director, The Central Food Technological Research Institute, Cheluvamba Mansion, V. V. Mohalla P.O., Mysore.
- *6. The Director, Indian Standards Institution, Manak Bhavan, 9, Mathura Road, New Delhi.
- *7. Collector of Customs, New Custom House, Bombay.
- *8. Collector of Customs, Calcutta.
- *9. Collector of Customs, Madras.
- *10. Collector of Customs, Kandla.
- *11. The Superintendent of Customs, Jamnagar.
12. Secretary to the Government of Andhra Pradesh, Department of Agriculture, Hyderabad.
13. Secretary to the Govt. of Assam, Department of Agriculture, Shillong.
- *14. Secretary to the Govt. of Bombay, Department of Agriculture & Forests, Old Secretariat Building, Bombay-1.
- *15. Secretary to the Govt. of Mysore, Department of Agriculture, Vidhan Soudha, Bangalore.
- *16. Secretary to the Govt. of Orissa, Department of Agriculture, Bhubaneshwar.
- *17. Secretary to the Govt. of Kerala, Department of Agriculture, Trivandrum.
18. Secretary to the Govt. of West Bengal, Department of Agriculture, Calcutta.
- *19. Director of Industries & Statistics Authority, Govt. of Bombay, Old Custom House Yard, Bombay-1.
- *20. Charge d' Affaires, Embassy of India, Buitenvoortweg-2, The Hague.
- *21. The Minister (Economic) to the High Commissioner of India in the U.K., Aldwych, London W.C. 2.



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APPENDIX II

(Vide paragraph 3.3.)

List of persons who attended the Commission's Public Inquiry on 11th July, 1958.

A. PRODUCERS

1. Mr. W. S. G. Nelson . . . Representing Cadbury-Fry (India) Private Ltd.,
19, Bhulabhai Desai Road, Bom-
bay-26.
2. Shri M. K. Commissariat . . . „ Dr. Writers' Chocolates and Canning
Co., Bhavani Shankar Road, Dadar,
Bombay-28.

B. IMPORTERS.

1. Shri A. M. Mehta }
2. Shri F. F. Mehta } . . . „ F. D. Mehta & Co., Standard Build-
ing, Dr. Dadabhai Naoroji
Road, Bombay-1.
3. Shri L. R. Mulkikar . . . „ Nestle's Products (India) Ltd., 7,
Harc Street, Calcutta.

C. CONSUMERS.

- Shri C. M. Vyas . . . „ J. J. Sprung, 41, Forbes Street,
Bombay-1.

D. GOVERNMENT DEPARTMENTS

1. Shri A. B. Rao . . . „ Indian Standards Institution, Manak
Bhavan, 9, Mathura Road, New
Delhi.
2. Shri M. N. Nair . . . „ Board of Administration, Canteen
Stores Department (India), 'Adel-
phi', 3, Queen's Road, Bombay-1.
3. Shri M. Obeidullah Shah . . . „ Department of Industries, Labour
& Co-operation, Govt. of Madras,
Madras.
4. Shri M. V. Pandit }
5. Dr. J. D. Joshi } . . . „ Director of Industries and Statistics
Authority, Govt. of Bombay, Old
Custom House Yard, Bombay-1.

E. OTHERS

- Mr. D. H. Urquhart . . . „ Cocoa, Chocolate and Confectionery
Alliance, London.

Shri M. G. Sathe of M/s. Sathe Biscuit & Chocolate Co. Ltd., 820, Bhavani Peth, Poona-2 who could not attend the inquiry on 11-7-1958 met the Commission separately on 14-11-1958..



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